



Brian G Svoboda
PHONE 202 434,1654
FAX 202 434 1690
EMAIL bsvoboda@perkinscoie.com

607 Fourteenth Street NW
Washington, DC 20005-2011
PHONE 202 628 6600
FAX 202 434 1690
www.perkinscoie.com

VIA ELECTRONIC AND U.S. MAIL

February 7, 2006

Elena Paoli, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

2006 FEB 13 A 9:45
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Re: MUR 5697

Dear Ms. Paoli:

On behalf of my clients, the Missouri Democratic State Committee and Rod Anderson, in his official capacity as treasurer, I write in response to the Commission's letter dated January 19, 2006. For the reasons stated in my February 3, 2006, letter, my clients have not had a full opportunity to review and consider the position set forth in the Commission's January 19 letter. Nonetheless, I wish to set forth my clients' basic position in this matter.

On September 23, 2005, the Commission accepted a conciliation agreement with the Committee in Matter Under Review 5611. While MUR 5611 arose from an audit of the 2000 election cycle activities, it was resolved while considering a wider range of issues pertaining to the Committee. These included the audit that generated the instant matter. Two weeks before the adoption of the conciliation agreement in MUR 5611, on September 7, 2005, the Commission adopted the Final Audit Report from its review of the Committee's 2002 election cycle activities. The audit was ongoing, and its findings well known to the Commission, while MUR 5611 was being conciliated.

The resolution of MUR 5611 was notable in two respects. First was the high level of civil penalty required. The Commission ultimately obtained a civil penalty of \$110,000. When the civil penalty was finally

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paid, it exhausted the Committee's available assets and required the Committee to operate under genuine financial constraints.

Second was the Commission's repeated affirmation of its intent to change positively the direction of the Committee's compliance practices. Obviously mindful of the 2002 cycle audit that was then pending, the Office of General Counsel repeatedly voiced its desire to "break the cycle" of Committee audits. Responding to this concern, the Committee took the initiative to develop and present an alternative set of remedial measures that went beyond those initially proposed by the Commission, and that involved considerable effort and expense.

The Committee has since made sustained and conscientious efforts to follow through on these remedial measures. It engaged a compliance consultant to review its management practices. It adopted the consultant's written recommendations on its compliance practices through action by its governing bodies. It engaged a certified public accountant as a full-time employee to manage its financial activities and prepare its reports, and sent that individual to a Commission training seminar. It completed a full review and reconciliation of its 2004 election cycle activities and filed amendments with the Commission accordingly. It is now conducting a review and reconciliation of its calendar year 2005 activities.

At this writing, the Committee has approximately \$90,000 cash-on-hand, federal and nonfederal combined, with extensive payables outstanding.

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Mindful of the Commission's stated desire to resolve this matter expeditiously, I look forward to your immediate response.

Very truly yours,

A handwritten signature in black ink, appearing to read "B. G. Svoboda", written over a horizontal line.

Brian G. Svoboda